

Strategic market evaluation of Starbucks in Taiwan: A swot analysis of brand positioning, consumer adaptation, and growth opportunities in a tea-dominated culture

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Abstract: This study examines Starbucks' strategic position in Taiwan using a qualitative SWOT analysis. The research evaluates Starbucks' strengths, weaknesses, opportunities, and threats in the Taiwanese market. Key strengths include global brand recognition, the "Third Place" concept, and advanced digital engagement through the Starbucks mobile app. Major weaknesses involve premium pricing and limited localization of menu offerings. Opportunities lie in expanding into smaller cities, leveraging Taiwan's growing coffee culture, and advancing sustainability initiatives. Threats encompass economic fluctuations, rising operational costs, and persistent cultural preferences for tea. While Starbucks enjoys a strong brand presence, adapting products and pricing strategies is essential for deeper market penetration and long-term competitiveness in Taiwan. The study suggests actionable strategies such as enhancing local menu innovation, expanding geographic reach, and strengthening sustainability practices to improve Starbucks' market position and resilience against regional competition. Furthermore, this analysis fills a gap in current literature by focusing on Starbucks' strategic adaptation within Taiwan's unique beverage market, distinguishing itself from prior studies through its emphasis on localized product innovation and digital engagement tailored to Taiwanese consumer preferences.

Keywords: Starbucks, SWOT analysis, Taiwan coffee market.

1. Introduction

1.1. Background

Few companies have achieved the global recognition of Starbucks Corporation. Starting in 1971 as a Seattle coffee bean retailer, Starbucks is now a multinational chain with over 30,000 stores in 80 countries [1]. Starbucks is renowned for its premium coffee, community-focused spaces, and innovative customer experiences, thereby creating a "third place" that bridges the gap between home and work [2]. Like other global companies, Starbucks must manage internal and external challenges to ensure growth and relevance.

In Taiwan, Starbucks operates in a market deeply rooted in tea culture, yet experiencing a rise in coffee consumption. It brands itself as a premium coffee chain while adapting to local tastes and preferences. Since its first store in Taipei in 1998, Starbucks has expanded nationwide, with 571 stores, making it a key player in Taiwan's coffee industry [3]. However, it faces competition from local chains like Louisa Coffee. This SWOT analysis assesses Starbucks' position, examining the factors that contribute to its success and ongoing challenges.

1.2. *Relevance*

Starbucks operates within an industry characterized by rapid evolution due to shifting consumer preferences, technological progress, and increasing sustainability requirements. Global trends, cultural factors, and local market dynamics have a significant impact on the coffeehouse sector. Conducting a SWOT analysis of Starbucks elucidates the company's capacity to navigate challenges and adapt for sustained success.

Starbucks is recognized for its commitment to innovation and customer-centric strategies. The company's ethical sourcing practices, sustainability initiatives, and digital transformation have established industry benchmarks [4]. However, Starbucks faces challenges, including dependence on premium pricing, market saturation in core regions, and periodic public relations concerns. Growth opportunities exist in emerging markets and through digital advancements, while economic downturns present risks, intensified competition, and supply chain disruptions.

1.3. *Objectives*

The primary goal of this study is to systematically assess Starbucks' strategic position in Taiwan through a thorough SWOT analysis. Specific objectives include: identifying the key strengths that have maintained Starbucks' leadership in the global coffeehouse sector, examining the weaknesses that pose risks to its market position and growth, evaluating opportunities, particularly in emerging markets and digital innovation, and analyzing threats such as competition, economic instability, and supply chain challenges.

This analysis aims to deepen the understanding of Starbucks' business environment in Taiwan. It aims to propose targeted strategies based on this understanding including how to maximize strengths and opportunities, and to address specific weaknesses and external threats identified through the SWOT analysis.

This analysis illuminates Starbucks' business environment, proposing strategies to leverage its strengths and opportunities while addressing identified weaknesses and external threats.

1.4. *Significance*

Understanding Starbucks' strategic position offers insights relevant to both academic and industry contexts. Starbucks exemplifies effective strategic management, branding, and innovation within the global coffee sector. This study utilizes a comprehensive SWOT analysis to identify factors contributing to Starbucks' growth and competitive advantage. The analysis highlights strengths such as robust brand equity and customer-focused innovation, while also addressing challenges related to evolving consumer preferences, sustainability, and the balance between global consistency and local adaptation. Starbucks' strategic approaches provide valuable lessons for brand development and market adaptation. Aligning corporate strategy with societal and environmental objectives is increasingly critical. This study delivers actionable recommendations for Starbucks regarding expansion, sustainability, and customer engagement, supporting its continued leadership in the global coffee industry. To establish a foundation for this analysis, a review of existing literature on Starbucks' strengths, weaknesses, opportunities, and threats is conducted.

2. Literature Review

Moon and Quelch highlight Starbucks' customer service and the "third place" atmosphere as key factors in brand loyalty. Their research is essential for understanding Starbucks' approach to customer interaction and brand positioning, Moon and Quelch [5]. Koehn's [6] case study details Starbucks' leadership and corporate culture under Howard Schultz. It shows how Schultz's vision strengthened ethical sourcing and employee relations. This source reveals internal factors behind Starbucks' advantage [6]. Thompson and Shah [7] identify issues in fast growth and consistent market expansion, and see opportunities in product and market development. This article reviews Starbucks' strategies during periods of low profitability Thompson and Shah [7]. Geereddy [8] analysis provides a detailed

SWOT analysis of Starbucks. It is valuable for exploring Starbucks' external threats and changing consumer preferences. Geereddy [8]. Haskova [9] examines Starbucks' brand management and marketing. The author explains how it uses brand equity and loyalty programs and addresses changes in digital marketing and personalization Haskova [9]. Ferrell and Hartline's [10] book, while not solely on Starbucks, includes a detailed company case study. They provide insights into Starbucks' expansion strategies and challenges in diverse markets Ferrell and Hartline [10]. Schultz and Gordon's [11] book, co-authored with Gordon, gives an inside view of Starbucks' challenges and strategic decisions. It helps evaluate the company's culture and decision-making Schultz and Gordon [11]. Yu and Fang's [12] research examines the factors that influence customers' perceptions of value within the coffee shop industry. Their insights shed light on Starbucks' advantages in delivering exceptional service quality and customer experience, while also highlighting potential challenges from competitors who prioritize superior product quality or competitive pricing strategies Yu and Fang [12]. Pham-Gia's [13] study examines Starbucks' marketing strategy, providing insights into how the company leverages its brand strength and adapts to changing market conditions. This resource is helpful for pinpointing both opportunities and challenges within Starbucks' global marketing efforts, Pham-Gia [13]. Although primarily focused on Nespresso, this article sheds light on the competitive dynamics of the premium coffee market. It identifies potential risks for Starbucks posed by innovative business models and highlights opportunities for the company to expand its product range and distribution channels [14]. This literature review provides a comprehensive summary of academic and industry evaluations of Starbucks' strategic position, offering diverse insights into its strengths, weaknesses, opportunities, and threats, and provides a solid foundation for an in-depth SWOT analysis.

3. Methodology

This study employs the SWOT analysis framework to evaluate Starbucks' current strategic position in Taiwan. A SWOT analysis is an effective tool to assess a business's strengths, weaknesses, opportunities, and threats. To illustrate the dynamic nature of strategic planning, it is essential to complement this structured analysis with real-world examples of Starbucks' adaptability in Taiwan. One such emergent approach was Starbucks' introduction of pop-up stores during local food festivals, which were unplanned yet effective in enhancing brand engagement by capitalizing on the Taiwanese love for culinary events and community gatherings. These pop-up stores, offering locally inspired beverages, underscored Starbucks' ability to pivot quickly in response to emerging market trends, enhancing its relevance and consumer connection in Taiwan.

Internal factors represent aspects that are under Starbucks' control (e.g., brand value and customer loyalty), while external factors refer to elements beyond Starbucks' control (e.g., market competition and regulatory challenges). By systematically analyzing these aspects, the research aims to identify actionable strategies that can help Starbucks capitalize on opportunities, address challenges, and maintain its competitive advantage. This concept is supported by multiple sources analyzing Starbucks' strategic environment, including SWOT analyses that categorize internal strengths and weaknesses in relation to external opportunities and threats. For example, Starbucks' strong brand and loyal customer base are internal strengths, while competition and regulatory issues are external factors shaping its strategy. A systematic analysis of these factors enables Starbucks to craft effective strategies that capitalize on opportunities and mitigate risks.

3.1. Methodology

The following steps outline the approach used in this analysis:

3.1.1. Data Collection

Secondary data were gathered from academic literature, industry reports, and Starbucks' corporate communications.

Additional online sources, including official websites and social media platforms, were utilized to gain a deeper understanding of Starbucks' market presence and customer engagement in Taiwan.

3.1.2. SWOT Matrix Analysis

Internal and external factors were categorized using the SWOT matrix. This involved mapping findings into four strategies:

(Strengths, Opportunities) SO strategies: Leveraging strengths to capitalize on opportunities.
(Weaknesses, Opportunities) WO strategies: Addressing weaknesses to utilize opportunities.

(Strengths, Threats) ST strategies: Using strengths to mitigate threats.

(Weaknesses, Threats) WT strategies: Reducing weaknesses to counteract threats.

A SWOT analysis typically employs a 2-by-2 table or matrix, with internal enhancers of performance categorized as strengths and internal inhibitors as weaknesses. In turn, external enhancers are classified as opportunities, while external inhibitors are referred to as threats. Portraying SWOT factors in this manner aims to emphasize a holistic view of the four categories, although for practical purposes, each may be examined separately. This is true in part since, at least in traditional SWOT analysis, comparison-making between categories is not an explicit intent. The following table provides a structured overview of Starbucks' internal strengths and weaknesses, as well as the external opportunities and threats affecting its operations in Taiwan. The SWOT matrix serves as the foundation for the strategic recommendations presented later in this study.

Table 1.

Swot Matrix of Starbucks in Taiwan.

Internal Factors	Positive (Strengths)	Negative (Weaknesses)
External Factors	Opportunities	Threats
Positive Factors	-Strong brand recognition and reputation -"Third Place" concept for customer experience -Digital transformation and mobile app integration	-High pricing strategy, limiting market reach -Limited menu localization for Taiwanese consumers Heavy reliance on discretionary spending
Negative Factors	-Growing coffee culture and increasing health-conscious trends -Expansion potential in smaller cities and rural areas -Sustainability and eco-friendly initiatives	-Intense competition from local brands and convenience stores -Economic downturns affecting premium product sales -Strong cultural preference for tea over coffee

Note: Data compiled by the authors.

3.1.3. Case Study Approach

Inspired by previous research methods, this study applies a case-based approach focusing on Starbucks in Taiwan [15]. Findings were compared with industry benchmarks to ensure practical insights.

Contribution of the methodology: This methodology provides a comprehensive framework for analyzing Starbucks' internal and external dynamics, supporting the development of strategic recommendations tailored to the Taiwanese market.

3.2. Analysis Methods

This study employs a qualitative and descriptive approach to analyze Starbucks' strategic position in Taiwan, with a primary focus on the SWOT analysis framework [8]. The research relies solely on secondary data sources, including academic literature, industry reports, company publications, and publicly available statistics [16]. SWOT analysis was chosen because it provides a comprehensive overview of the internal and external factors affecting Starbucks in Taiwan, making it suitable for strategic assessment in a well-documented context. Secondary data was selected due to the abundance of existing literature and reliable reports available, allowing for a thorough analysis without the

constraints of primary data collection. No primary data collection methods, such as interviews or surveys, were employed in this study. Moreover, the analysis does not include PESTEL analysis, Porter's Five Forces, trend analysis, or financial ratio analysis, as the scope is confined to qualitative assessment and case-based comparison.

The primary analytical tool is the SWOT matrix, which systematically organizes internal strengths and weaknesses, as well as external opportunities and threats relevant to Starbucks in the Taiwanese market [15]. Descriptive statistics are utilized to summarize key quantitative indicators such as the number of stores, market share, and sales growth, providing context for the qualitative findings. Graphical analysis is applied where appropriate to visualize Starbucks' market presence and consumer trends, supporting the interpretation of secondary data. Content analysis is conducted on Starbucks' corporate communications, marketing materials, and customer feedback available online, offering additional qualitative insights into brand positioning and customer engagement.

A case study approach is adopted, focusing specifically on Starbucks' adaptation and performance in Taiwan. This involves comparing the company's strategies and outcomes with industry benchmarks and best practices identified in previous research [15]. By synthesizing insights from secondary data and applying the SWOT framework, the study aims to provide a comprehensive evaluation of Starbucks' current strategic position and to develop actionable recommendations for maintaining and enhancing its competitiveness in the Taiwanese market.

4. Results and Analysis

Table 2.
SWOT analysis of Starbucks in Taiwan

Strengths	Weaknesses	Opportunities	Threats
Brand Value and Recognition	High Price Point	Expanding to Smaller Cities and Rural Areas	Intense competition
Customer Experience and "Third Place" Concept	Limited Menu Localization	Growing Coffee Culture and Health-Conscious Trends	Economic Downturns
Global Presence and Scale	Dependence on Discretionary Consumer Spending	Digital Transformation and Engagement	Cultural Preferences
Product Quality and Innovation		Focus on Sustainability and Eco-Friendly Initiatives	Rising Operational Costs
Digital Innovation and Mobile App			

Note: Data compiled by the authors.

4.1. Strengths

Starbucks is a globally recognized brand, renowned for its high-quality coffee and distinctive café experience. The company has successfully established a strong foothold in Taiwan, where it continues to attract a growing population of loyal customers. This brand loyalty contributes to the stability of Starbucks' operations in the region, despite the presence of competition in the local coffee market. Within the framework of the SWOT analysis model, Starbucks' effective global supply chain management capabilities further enhance its ability to maintain seamless operations in Taiwan.

Brand Value and Recognition: Starbucks has built one of the world's most recognizable and valuable brands. According to Interbrand's Best Global Brands 2024 report, Starbucks ranks 52nd globally with a brand value of \$15.3 billion. Starbucks has a strong presence in Taiwan with over 571 stores, making it a key player in the local coffee market. The brand's ability to incorporate local tastes, such as tea-based beverages and matcha, has resonated with Taiwanese consumers. Its focus on sustainability initiatives, like reusable cup campaigns, further strengthens its image. Combined with its global reputation, Starbucks maintains a loyal customer base in Taiwan, which contributes to its competitive edge [17].

Customer Experience and "Third Place" Concept: Starbucks has successfully positioned itself as a "third place" between home and work, creating a unique and inviting atmosphere in its stores. This concept, championed by former CEO Howard Schultz, focuses on providing a comfortable and welcoming environment where customers can relax, work, or socialize. The company's stores are designed to be welcoming spaces for socializing, working, or relaxing. This emphasis on ambiance, coupled with personalized service (such as writing customers' names on cups), fosters customer loyalty and repeat business. The Starbucks experience is further enhanced by free Wi-Fi, comfortable seating, and a consistent atmosphere across locations [18].

Global Presence and Scale: With over 36,000 stores in more than 80 countries as of 2024, Starbucks maintains its position as a dominant force in the worldwide coffee industry [19]. The company's extensive international network allows it to benefit from economies of scale in sourcing, marketing, and distribution. This large-scale presence not only enhances Starbucks' brand recognition but also enables it to standardize its customer experience across different regions while adapting to local consumer preferences. Its strong foothold in key markets such as the United States and China reflects its ability to sustain and expand its global influence [20]. One example of Starbucks' ability to integrate global strategy with local market dynamics is its performance in Taiwan. Despite facing intense competition from domestic brands like Louisa Coffee (20% market share) and 85°C, Starbucks has managed to maintain a strong presence in the market (18%), Starbucks has secured a solid 15% share of the Taiwanese coffee market [21]. Moreover, the company achieved a 5% revenue growth in Taiwan in 2023, demonstrating its ability to maintain steady expansion in a competitive landscape [16]. This success highlights Starbucks' strategic balance between leveraging its global operational advantages and tailoring its offerings to meet local consumer preferences. By capitalizing on its international scale while remaining responsive to regional trends, Starbucks continues to strengthen its presence in both global and local markets.

Product Quality and Innovation: Starbucks is widely recognized for its commitment to high-quality coffee and innovative beverage offerings, a standard it upholds in Taiwan's competitive coffee market. The company exclusively sources premium Arabica coffee beans and implements strict quality control measures to deliver a consistent customer experience. In Taiwan, Starbucks adapts its product innovations to local tastes, introducing seasonal favorites and limited-time specials, such as taro lattes and oolong tea-inspired beverages. These efforts not only cater to Taiwanese consumers' preferences but also reflect Starbucks' ability to set beverage trends globally. Iconic creations, such as the Pumpkin Spice Latte, further enhance customer engagement and loyalty in Taiwan [19].

Digital Innovation and Mobile App: Starbucks continues to enhance its digital ecosystem, with the mobile app playing a pivotal role in customer engagement in Taiwan. The app integrates features such as mobile ordering, digital payments, and a loyalty program, making it a convenient tool for Taiwanese consumers. Its user-friendly interface, coupled with personalized rewards and exclusive offers, has driven its popularity among tech-savvy customers. Recent enhancements, such as AI-powered rewards, further improve the customer experience and allow Starbucks to collect valuable data for targeted marketing efforts. These digital innovations, combined with Starbucks' substantial brand value and ability to adapt to local preferences, solidify its leadership in Taiwan's coffee market. While Starbucks enjoys a robust competitive advantage, challenges such as increasing competition and economic fluctuations require strategic adaptation to maintain its market position. Expanding digital engagement and sustainability initiatives present opportunities for continued growth in Taiwan's dynamic market [19, 22].

4.2. Weaknesses

High Price Point: One of Starbucks' major weaknesses in Taiwan is its premium pricing, which positions the brand as a luxury option compared to local competitors. As illustrated in Table 3, Starbucks' average price for a medium latte is significantly higher than that of 85°C, Louisa Coffee, and convenience store chains such as 7-Eleven, making it less accessible to price-sensitive consumers. A

medium latte at Starbucks typically costs NT\$140–NT\$160, while Louisa Coffee offers similar beverages for NT\$70–NT\$90, 85°C prices its lattes around NT\$80–NT\$100, and 7-Eleven sells them for as low as NT\$45–NT\$55 [23]. This considerable price disparity reflects Starbucks' reliance on a premium pricing model to maintain its upscale brand image, cover higher operational costs, and support above-average employee wages. While this strategy reinforces Starbucks' positioning as a premium coffee brand and supports its global expansion, it also presents significant challenges. The high price point primarily appeals to middle- and upper-class consumers, limiting its accessibility to a broader customer base. In times of economic downturn or financial uncertainty, Starbucks becomes more vulnerable as price-sensitive consumers may switch to more affordable alternatives or reduce their visit frequency. Furthermore, this pricing model constrains Starbucks' ability to penetrate budget-conscious markets, where local coffee chains and convenience stores dominate with competitive pricing. Although Starbucks' premium branding is a cornerstone of its global success, its high prices remain a notable weakness, exposing the company to shifts in consumer spending habits and broader economic fluctuations.

Table 3.

Average price of a medium latte in Taiwan (NT\$)

Brand	Average Latte Price (NT\$)
Starbucks	140–160 NT\$
85°C	80–100 NT\$
7-Eleven	45–55 NT\$
Louisa Coffee	70–90 NT\$

Note: Data compiled by the authors.

Limited Menu Diversification: Starbucks faces a significant challenge in Taiwan, where a rich tea culture deeply influences the beverage market. Traditional Taiwanese teas, such as oolong, jasmine, and high mountain tea, as well as bubble tea, are highly favored by local consumers, categories that Starbucks has yet to accommodate fully. While the company has introduced localized offerings, such as matcha-based drinks, its menu lacks a broader range of options that reflect uniquely Taiwanese tastes, such as pineapple cake-inspired products or beverages featuring regional teas. This limited menu diversification is further highlighted when compared to local competitors, such as Chun Shui Tang and TeaTop, which have successfully tailored their offerings to regional preferences. These brands provide freshly brewed teas with customizable sugar levels and toppings, demonstrating a keen understanding of consumer demand for personalized and culturally relevant beverages [23]. In contrast, Starbucks' limited exploration of local flavors restricts its ability to compete effectively in a market where menu innovation and cultural alignment are critical to success [19].

Dependence on Discretionary Consumer Spending: Starbucks' significant weakness is its dependence on discretionary consumer spending. As a brand positioned to offer premium coffee experiences, Starbucks' products are often considered non-essential "affordable indulgences." This reliance makes the company highly vulnerable to economic fluctuations and shifts in consumer confidence [19]. In Taiwan, the challenge is particularly acute due to economic factors, including moderate wage growth and rising living costs, especially in urban areas such as Taipei. Many consumers prioritize essential expenditures over premium coffee during financial stress [23]. The challenge is exacerbated by the presence of affordable alternatives offered by local competitors, such as 7-Eleven and Louisa Coffee, which provide similar beverages at a fraction of the price of Starbucks. For example, a Starbucks latte costs approximately NT\$140–NT\$160, compared to NT\$45–NT\$55 at 7-Eleven and NT\$70 for a large latte at Louisa Coffee [24]. This price disparity encourages consumers to trade down when their budgets are constrained, particularly during economic downturns. Additionally, Starbucks' exposure to global economic trends, including fluctuations in raw material costs and currency exchange rates, can lead to increased operational expenses. When these costs are transferred

to customers through higher prices, it further reduces accessibility for price-sensitive markets. The reliance on international tourism in specific locations adds another layer of vulnerability, as global travel disruptions can significantly impact revenues [25]. This dependence on discretionary spending limits Starbucks' ability to weather economic downturns, making it a critical area of weakness in its business model. Without addressing these structural vulnerabilities, the company risks losing market share to more cost-competitive alternatives during periods of financial instability.

4.3. Opportunities

Expanding to Smaller Cities and Rural Areas: Starbucks' reliance on urban markets, such as Taipei and Taichung, has resulted in market saturation. Expanding into smaller cities and rural areas presents an opportunity to reach underserved regions with growing disposable incomes and an emerging coffee culture. These areas have minimal competition from international coffee chains, providing Starbucks with a chance to capture new demographics. However, challenges like limited infrastructure, logistical hurdles, and the need for localized menu adaptations, such as Taiwanese tea-inspired items, must be addressed. While operational costs may rise due to transportation, lower rents can offset expenses. Strategies like smaller-format stores, local partnerships, and tailored marketing can support successful expansion, reducing dependency on saturated urban markets and driving sustainable growth.

Growing Coffee Culture and Health-Conscious Trends: Taiwan's growing coffee culture and rising demand for health-conscious products present an opportunity for Starbucks to attract younger generations and professionals seeking wellness-focused options. Offering plant-based, lower-calorie, and nutritionally transparent items can differentiate Starbucks in the market. Challenges include higher costs for premium ingredients and educating consumers on their benefits. To capitalize on this trend, Starbucks can expand its plant-based menu, introduce localized health-conscious options featuring ingredients like taro or mung beans, and collaborate with wellness influencers to promote these offerings. Aligning with health-conscious trends enhances Starbucks' appeal, strengthens its market position, and fosters loyalty in Taiwan's evolving coffee landscape. Coffee consumption in Taiwan has been growing at an annual rate of 8–10%, presenting Starbucks with opportunities to expand its customer base and product offerings [16, 21].

Table 4.
Annual Coffee Consumption Per Capita In Taiwan (Liters) From 2019 to 2024.

Year	Coffee Consumption (Liters per person)
2019	100 L
2020	110 L
2021	120 L
2022	135 L
2023	150 L
2024	165 L

Source: Statista [16].

Digital Transformation and Engagement: In Taiwan's tech-driven market, digital transformation presents Starbucks with an opportunity to enhance customer experiences and optimize operations. With high smartphone adoption and widespread use of delivery platforms like Uber Eats and Foodpanda, seamless digital ordering, payment, and personalized engagement are critical. Expanding online sales, refining the mobile app, and strengthening delivery partnerships can drive revenue and offer insights into consumer preferences [26]. However, challenges such as cybersecurity, integration with local platforms, and maintaining consistent service quality must be addressed. By embracing digital tools and optimizing its digital rewards program, Starbucks can maintain relevance, foster customer loyalty, and unlock new growth opportunities in Taiwan's competitive coffee market.

Focus on sustainability and eco-friendly initiatives: Eco-consciousness is a growing priority for Taiwanese consumers, making sustainability a key area for Starbucks to enhance its market position. Ethical sourcing, waste reduction, and eco-friendly packaging resonate with Taiwan's environmentally aware population [27]. Encouraging customers to adopt sustainable habits, such as using reusable cups, and accelerating the use of biodegradable materials can strengthen Starbucks' reputation. Challenges include higher costs for sustainable materials and the need for behavioral change among consumers [28]. To address these issues, Starbucks can offer increased rewards for sustainable actions, partner with local farmers to source ingredients, and launch initiatives that align with Taiwan's environmental values. By focusing on sustainability, Starbucks can foster long-term loyalty and make a positive contribution to the environment, thereby reinforcing its leadership in the market.

4.4. Threats

Intense Competition: Taiwan's coffee market is highly competitive, with Starbucks holding a 15% market share, ranking third behind Louisa Coffee (20%) and 85°C (18%). Additionally, convenience store coffee (7-Eleven & Family Mart) holds the largest share at 25%, offering affordability and accessibility [21]. Although Starbucks benefits from strong global branding, local competitors attract consumers by offering lower pricing and more localized flavors. Furthermore, specialty coffee shops account for 22%, indicating a rising preference for independent and artisanal coffee experiences [16]. To remain competitive, Starbucks must enhance its menu localization, introduce value-based pricing strategies, and strengthen digital engagement. While its premium image is an asset, adapting to Taiwan's price-sensitive and convenience-driven market is crucial for sustaining its position.

Economic downturns: Economic uncertainties, whether due to global recessions, geopolitical tensions, or domestic challenges, can reduce disposable income for Taiwanese consumers [25]. This may prompt customers to opt for homebrewed coffee or lower-cost competitors, potentially impacting Starbucks' foot traffic and revenue. Premium-priced offerings could see reduced demand, further straining profitability during these periods [23]. To mitigate these challenges, Starbucks can introduce value-driven options such as smaller-sized beverages and affordable bundle deals to attract cost-conscious consumers. Flexible promotions tailored to economic conditions, alongside diversified revenue streams like merchandise, subscription services, and at-home coffee products, can provide financial stability. Operational efficiencies, such as streamlining supply chains, can help control costs and support competitive pricing during economic downturns [20].

Cultural Preferences: Taiwan's strong tea culture, including bubble tea, oolong tea, and herbal infusions, poses a challenge for Starbucks, particularly in rural areas and among older demographics. While younger urban consumers increasingly embrace coffee, tea remains the dominant choice for many, limiting Starbucks' growth potential in specific segments. To address this, Starbucks can expand its tea offerings with Taiwanese-inspired flavors, such as taro milk tea, jasmine green tea, and oolong blends. Hybrid beverages combining coffee with traditional ingredients can also appeal to tea drinkers [22, 23]. Marketing campaigns highlighting Starbucks' dedication to coffee and tea culture can enhance its local relevance. Hosting tea-focused workshops and events can strengthen community connections, showcasing Starbucks' respect for Taiwanese traditions and broadening its appeal across demographics [12].

Rising operational costs: In Taiwan, Starbucks faces challenges to its profitability due to increasing operational costs, including high rents, labor expenses, and inflation [27]. Urban flagship stores face steep overheads while passing costs to consumers, which risks alienating price-sensitive customers. Addressing these challenges requires innovative strategies to maintain growth and brand value. Efforts such as partnering with local suppliers to reduce costs and adopting automation for operational efficiency can help mitigate expenses [19]. Smaller store formats in high-rent areas, combined with dynamic pricing models tailored to regional affordability, can help strike a balance between growth and cost management. By proactively managing these rising costs, Starbucks can safeguard profitability,

maintain its premium brand image, and sustain market leadership in Taiwan's competitive landscape [20].

5. Conclusion

This SWOT analysis of Starbucks in Taiwan reveals a multifaceted perspective of the company's strategic position in a dynamic and culturally diverse market. Starbucks' globally recognized brand, customer-centric "third place" concept, and innovative digital engagement strategies stand out as critical strengths. These have been instrumental in establishing a loyal customer base and maintaining a competitive edge despite challenges. However, weaknesses such as premium pricing, limited menu localization, and dependence on discretionary consumer spending indicate areas requiring immediate attention. Furthermore, the company's vulnerability to fierce competition, rising operational costs, and cultural preferences unique to Taiwan present threats that necessitate proactive strategies.

The following prioritized recommendations are proposed:

1. Revise pricing strategies to introduce more affordable options, particularly in economically sensitive areas. The impact of this change could be measured through tracking foot traffic and sales in these locations.
2. Enhance menu localization by introducing new products that reflect Taiwanese culture, diversifying the menu with traditional and popular local flavors. Customer feedback and sales of these localized products can provide valuable insights into their success.
3. Focus on expanding into underserved regions, leveraging Taiwan's evolving coffee culture, and prioritizing sustainability. Market penetration rates and sales growth in these areas will help evaluate effectiveness.

By introducing localized product offerings and enhancing digital engagement, Starbucks can further solidify its position in the Taiwanese market.

In conclusion, Starbucks has demonstrated resilience and adaptability in the face of complex challenges. To maintain its leadership and foster sustainable growth, the company must continue to innovate, address weaknesses, and capitalize on emerging opportunities, aligning its strategies with local cultural values and global trends. This approach will ensure Starbucks remains a dominant force in Taiwan's coffee industry, setting benchmarks for future growth and innovation. But what would a hyper-local Starbucks look like in 2030 Taiwan? Could further integration of local flavors and community-focused initiatives redefine its role, ultimately transforming not just its menu but also its influence on Taiwanese culture? By considering these questions, practitioners and decision-makers can drive innovation and push the boundaries of what Starbucks can achieve in Taiwan.

Future research could investigate the impact of hyper-localization on Starbucks in Taiwan by collecting primary data through surveys or interviews with local consumers and stakeholders. These methods can provide detailed insights into consumer preferences and the effectiveness of local adaptations. Additionally, longitudinal studies examining the evolution of Starbucks' market strategies over time in relation to changing consumer trends could further inform future strategic decisions. Incorporating these research methods can enhance the academic understanding of Starbucks' approach and offer practical strategies for its continued success in the Taiwanese market.

Transparency:

The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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